

CANADIAN VICKERS
LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED
FEBRUARY 28TH, 1941

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*Notice of
Annual General Meeting*

OF SHAREHOLDERS
TO BE HELD ON
JUNE 30TH, 1941

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CANADIAN VICKERS, LIMITED

DIRECTORS

W. L. BAYER	MONTREAL, P.Q.
RUSSELL D. BELL	MONTREAL, P.Q.
A. F. CULVER	MONTREAL, P.Q.
VICTOR M. DRURY	MONTREAL, P.Q.
E. GERALD HANSON	MONTREAL, P.Q.
J. EDOUARD LABELLE, K.C.	MONTREAL, P.Q.
JOHN I. RANKIN	MONTREAL, P.Q.
J. McL. STEPHEN	MONTREAL, P.Q.
N. A. TIMMINS, Jr.	MONTREAL, P.Q.

ADVISORY COMMITTEE

A. S. FRASER	MONTREAL, P.Q.
AVILA RAYMOND	MONTREAL, P.Q.

OFFICERS

J. EDOUARD LABELLE, K.C., <i>President</i>
J. McL. STEPHEN, <i>First Vice-President</i>
N. A. TIMMINS, Jr., <i>Second Vice-President</i>
J. W. SAVIDANT, <i>Secretary and Treasurer, Comptroller</i>
T. R. McLAGAN, <i>General Manager</i>

CANADIAN VICKERS, LIMITED

P.O. BOX 550 PLACE D'ARMES STATION
MONTREAL, P.Q.

Notice of Annual General Meeting of Shareholders

Notice is hereby given that the Annual General Meeting of the Shareholders of Canadian Vickers, Limited, will be held at the Head Office of the Company, 5136 Notre Dame Street East, in the City of Montreal, Province of Quebec, on Monday, the 30th day of June, 1941, at the hour of 10.30 o'clock in the forenoon (Daylight Saving Time) to receive and consider the financial statements of the Company and the reports of the Directors and Auditors, to elect Directors for the ensuing year, to appoint Auditors and to transact such other business as may properly come before the Meeting.

Dated this 10th day of June, 1941.

By Order of the Board,

J. W. SAVIDANT,
Secretary.

N.B.—In the event you may not be present at this Meeting, please sign and return the enclosed Proxy.

Annual Report of the Directors
of
CANADIAN VICKERS, LIMITED

FISCAL YEAR ENDED FEBRUARY 28th, 1941

TO THE SHAREHOLDERS:

I have the honour to submit to you on behalf of your Directors the Annual Report covering operations of your Company, together with the Audited Balance Sheet and Profit and Loss Account, for the fiscal year ended February 28th, 1941.

Net Operating Profit amounted to \$372,632.15 after making provision for all charges and reserves, but excluding Federal and Provincial Income and Excess Profits Taxes which have been left in abeyance pending clarification of your Company's position as a depressed industry.

This Net Profit compares with Net Loss of \$6,827.07 at the end of the previous year, an improvement of \$379,459.22.

After provision for Bond Interest unpaid, Net Working Capital stands at \$1,083,943.34 as compared with \$463,118.61 of a year ago.

The volume of war contracts on hand and received throughout the year increased to such extent as to make imperative continuous modernization and rehabilitation of plant and equipment in order that deliveries demanded might be met. This involved, during the period under review, expenditure on Capital account of \$205,183.20 and, as well, increased charges on Maintenance account.

Unfilled orders on hand, together with orders offering, will be sufficient to ensure your plant working at maximum activity throughout the coming year.

At the request of your Company, the Montreal Trust Company—Trustee for the Bondholders—called a meeting of said bondholders who, at a meeting held on August 2nd, 1940, adopted extraordinary resolutions waiving any prior default of the Company under the Trust Deed; postponing payments by the Company of bond interest due and falling due up

to and including the payment due on February 1st, 1942; relieving the Company of its obligation to make the payments for Sinking Fund due and falling due on or before August 1st, 1942; releasing to your Company in respect of three years (1939-1941 inclusive) the annual subsidy payments of \$105,000.00, said subsidy moneys to be used by the Company for Capital expenditure made or to be incurred after March 1st, 1940, (of which there has been used, during the period under review, the sum of \$130,165.93); appointing a Bondholder's Committee composed of Messrs. A. F. Culver, Russell D. Bell, E. Gerald Hanson and John I. Rankin with power and authority (a) to authorize the creation and issue by the Company of Prior Lien Bonds not to exceed \$750,000.00 aggregate principal amount to be used, if required, as collateral security for Bank advances in excess of \$750,000.00, and (b) to designate from time to time not more than three persons to be elected as directors of the Company, and (c) generally to provide for the proper functioning of the Committee and the exercise of its powers and authority. In order to make available, to such nominees of the Committee, places on the Board, Messrs. A. S. Fraser and Avila Raymond voluntarily retired as Directors of your Company. However, the benefit of their counsel and advice is still available through their appointment as an Advisory Committee.

The books of your Company have been regularly audited and the Certificate of your Auditors appears on the Financial Statement herewith submitted.

Your Directors wish to record their appreciation of the loyal co-operation of the personnel of your Company throughout the year.

J. EDOUARD LABELLE,
President.

CANADIAN VICKERS, LIMITED

Balance Sheet as at February 28th, 1941

(With comparative figures for the previous year)

ASSETS

	As at February 28th, 1941	As at February 29th, 1940
CURRENT ASSETS		
Cash on hand and in Bank	\$ 5,140.96	\$ 4,505.44
Amount due under Agreements from Subscribers to Capital Stock allotted	90,000.00	90,000.00
Accounts Receivable (less Reserve)	1,543,008.95	717,774.88
Work in Progress at Cost, plus overhead	\$9,511,848.00	\$2,020,929.64
Less—Amount invoiced thereon	8,625,551.65	1,888,729.72
	886,296.35	132,199.92
Inventory of Finished Stock, Stores and Supplies certified to by responsible Officials of the Company as to quantities and as to values which are at the lower of cost or market (excepting Structural Steel taken at book value) (less Reserve)	709,097.99	417,831.12
Department of Public Works—Subsidy Accrued	16,154.00	16,154.00
Tender Guarantee Deposits		60,000.00
Cash on Deposit with Trustee for Bondholders	80,414.05	105,065.62
	<u>\$3,330,112.30</u>	<u>\$1,543,530.98</u>
DEFERRED CHARGES:		
Prepaid Taxes, Insurance and other expenditure made on account of future business	178,464.72	78,285.77
INVESTMENT IN AND ADVANCES to wholly owned Subsidiary Company—		
Investment	1.00	1.00
Advances	402,587.56	372,123.59
	<u>402,588.56</u>	<u>372,124.59</u>
OTHER INVESTMENTS:		
Bonds of the Company purchased for Sinking Fund (at Cost)	5,710.00	5,710.00
1,666 Shares of \$100 each of Canadian Associated Aircraft Limited	166,600.00	166,600.00
Sundry at Nominal Value	2.00	2.00
	<u>172,312.00</u>	<u>172,312.00</u>
CONSIGNMENT STOCK as per Contra	<u>3,610.98</u>	<u>3,610.98</u>
FIXED ASSETS:		
Real Estate, Buildings, Floating Dock, Plant and Equipment	6,351,940.42	6,171,909.40
Leasehold	600,000.00	600,000.00
As per Valuation by Coverdale & Colpitts, dated 30th September, 1927, with subsequent additions at cost, less retirements	6,951,940.42	6,771,909.40
Less Depreciation Reserve	3,000,692.54	2,447,033.93
	<u>3,951,247.88</u>	<u>4,324,875.47</u>
OTHER ASSETS:		
Sundry Claims		12,301.00
	<u>\$8,038,336.44</u>	<u>\$6,507,040.79</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Books and Accounts of your Company for the Year ended 28th February, 1941, and have obtained all the information and explanations required by us, and we report that, subject to the collectibility of the advances made to your wholly owned Subsidiary Company, the above Balance Sheet in our opinion is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

In accordance with Section 114 of the Companies Act 1934, we also report that the profits of your wholly owned Subsidiary Company are carried forward in its own accounts and are not represented in the accounts of your Company.

(Signed) MACINTOSH, ROBERTSON & PATERSON,
Chartered Accountants.

CANADIAN VICKERS, LIMITED

Balance Sheet as at February 28th, 1941

(With comparative figures for the previous year)

LIABILITIES

	As at February 28th, 1941	As at February 29th, 1940
CURRENT LIABILITIES:		
Bank Loan (Secured).....	\$ 325,849.53	\$ 401,104.17
Accounts and Bills Payable.....	1,472,228.86	416,121.28
Dominion, Provincial and Municipal Taxes, excluding Income and Excess Profits Taxes.....	120,903.72	101,260.15
Bond Interest—Due and unpaid for the year ended 1st February, 1940.....		\$ 150,390.00
Accrued to 29th February, 1940.....		11,536.77
	<u>\$1,918,982.11</u>	<u>161,926.77</u>
		\$1,080,412.37
DEFERRED LIABILITIES:		
Payment by instalments extending to January, 1943.....	10,000.00	15,000.00
Bond Interest—Unpaid since 1st February, 1939, with interest thereon.....	327,186.85	
	<u>337,186.85</u>	
CONSIGNMENT ACCOUNTS PAYABLE as per Contra.....	3,610.98	3,610.98
BONDED INDEBTEDNESS:		
First Mortgage 20 Year 6% Gold Bonds (due 1st August, 1947) Authorized.....	\$5,000,000.00	\$5,000,000.00
Issued.....	2,750,000.00	2,750,000.00
Less—Redeemed.....	243,500.00	243,500.00
	<u>2,506,500.00</u>	<u>2,506,500.00</u>
Sinking Fund Obligations not met since 1st August, 1932.		
RESERVES:		
Against other Assets as per contra.....		12,301.00
Contingencies.....	85,606.90	52,543.07
Uncompleted Contracts.....	20,000.00	20,000.00
	<u>105,606.90</u>	<u>84,844.07</u>
CAPITAL STOCK:		
7% Cumulative Redeemable Preferred Stock—Authorized 50,000 Shares of \$100.00 each.....	\$5,000,000.00	\$5,000,000.00
Issued 19,000 Shares of \$100 each.....	1,900,000.00	1,900,000.00
Subscribed and Allotted 1,000 Shares.....	100,000.00	100,000.00
	<u>2,000,000.00</u>	<u>2,000,000.00</u>
Dividends paid to 31st October, 1929.		
Common Stock—No Par Value—Authorized 100,000 Shares.		
Issued 52,000 Shares.....	2,410,000.00	2,410,000.00
Subscribed and Allotted 1,000 Shares.....	5,000.00	5,000.00
	<u>2,415,000.00</u>	<u>2,415,000.00</u>
Less—Deficit as per attached Statement, before providing for Dominion and Provincial Income and Excess Profits Taxes.....	1,248,550.40	1,598,326.63
	<u>1,166,449.60</u>	<u>816,673.37</u>
	<u>3,166,449.60</u>	<u>2,816,673.37</u>
	<u>\$8,038,336.44</u>	<u>\$6,507,040.79</u>
CONTINGENT LIABILITIES:		
Bills Receivable under Discount.....	\$ 7,965.87	
With respect to Montreal Dry Docks Limited, wholly owned Subsidiary:		
Guarantee of principal of 6% Bonds due 1948....	\$ 564,500.00	\$ 564,500.00
Guarantee of Interest thereon, of which there was due and unpaid as of 1st February, 1941.	\$ 67,740.00	33,870.00
Guarantee of Bank Advances to the extent of..		20,000.00

Signed on Behalf of the Board,

(Sgd.) J. EDOUARD LABELLE, } Directors.
J. McL. STEPHEN, }

CANADIAN VICKERS, LIMITED

Statement of Income and Expenditure

FOR THE YEAR ENDED 28th FEBRUARY, 1941

(With comparative figures for the previous year)

	As at February 28th, 1941	As at February 29th, 1940
Net Operating Profit for Year ended 28th February, 1941, before taking into account the items shown below . . .	\$1,262,736.87	\$ 358,290.73
<i>Less—</i>		
Bond Interest, including interest on Arrears	\$ 162,312.03	\$ 150,390.00
Depreciation and Amortization	592,774.26	194,782.80
Directors' Fees	3,325.00	1,640.00
Reserves for Doubtful Accounts, Inven- tories and Contingencies	133,773.43	20,000.00
	892,184.72	366,812.80
Income from Investments	370,552.15 2,080.00	8,522.07 1,695.00
Net Profit for Year before providing for Dominion and Provincial Income and Excess Profits Taxes	372,632.15	*6,827.07
Deficit as at 29th February, 1940	\$1,598,326.63	\$1,592,055.19
<i>Add:</i> Net Adjustments applicable thereto	22,855.92	555.63
	1,621,182.55	1,591,499.56
Deficit as at 28th February, 1941, as per Balance Sheet . .	\$1,248,550.40	\$1,598,326.63
Remuneration of Executive Officers and Legal Advisers of the Company included in Operating Expenses amounts to	\$ 24,157.72	\$ 15,362.83

*—Loss.

